MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

Trimester 1, 2019/2020

BEN7144 – ENTREPRENEURSHIP

(MBA Full Time)

23 SEPTEMBER 2019
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **NINE (9) pages** excluding the cover page.
2. This question paper consists of **TWO (2)** case studies. Answer all questions.
3. Please write all your answers in the **answer booklet** provided.

CASE A (50 marks)

Hostelhunting.com raises RM2.2mil in seed funds

HOSTELHUNTING.com, a student accommodation marketplace, has successfully raised US$500,000 (RM2,149,7000) in a seed round led by KK Fund, followed by Incubate Fund and Cradle Fund (CIP 500).

KK Fund is a Singapore-based venture capital fund investing in seed stage Internet and mobile startups in South-East Asia, Taiwan and Hong Kong.

Incubate Fund is the largest seed stage investment group in Japan, backed by Tencent, Yahoo Japan, Innovation Network Corporation of Japan and other investors.

Launched in January this year with 600 accommodations in a single area, HostelHunting.com now has more than 21,000 accommodations in its inventory in the majority of university towns in Malaysia. It has also launched its Singapore presence in December.

HostelHunting.com, founded by Keek Wen Khai, Loke Weng Leong, Joey Lim and Marcus Low, has detailed photographs and descriptions for each listing. Students can search for their choice of accommodation by area or institution.

To facilitate the booking process, the platform also enables students and landlords to connect with each other. The accommodations are verified by HostelHunting.com and all bookings come with a 100% refund guarantee.

"Hostel Hunting is a first mover in this untapped student market here in South-East Asia. The founders have deep understanding and network of student accommodation market.

"The number of students and intakes are growing by close to 10% every year in South-East Asia, so I see massive market potential in this space," said KK Fund general partner Koichi Saito.

"We are grateful to KK Fund, Incubate Fund and Cradle Fund for believing in us."

"The funds will allow us to enhance our product and kick-start our regional expansion. Students find it incredibly safe and easy to find and book their accommodation through us, while landlords love the reach and convenience we provide them.

"We will continue to improve to be the easiest and safest; our focus is on creating the best experience for our users and, of course, to grow," said Keek, who is chief executive officer of HostelHunting.com

Continued...

Source: https://www.thestar.com.my/metro/smebiz/news/2015/12/29/hostelhuntingcom-raises-rm22mil-in-seed-funds/#I4oGPW5l0iPYh9QW.99

a) Based on the case study above and your knowledge, identify and empathise the **TWO (2)** customer segments that Hostelhunting.com intends to cater. Complete the customer segment of the value proposition canvas separately for the two different customer segments. The value proposition canvas is given in the Appendix 1.

(16 marks)

b) By referring to your answer in question (a), complete the value map of the value proposition canvas for both different customer segment. You must clearly identify the pain relievers and gain creators of Hostelhunting.com and indicate the product-customer fit (by clearly linking the pain relievers and gain creators to the pains and gains) in your value proposition canvas. Due to the limited features of the service describe in the case, you might include some artificial features to address the pains and gains of the customer segment. The value proposition canvas is given in the Appendix 1. You are required to use only one value proposition canvas for (a) and (b) each for the different market segments.

(20 marks)

c) What is the type of funding provided by KK Fund, Incubate Fund and Cradle Fund to HostelHunting.com? Explain at least **FOUR (4)** characteristics of the business venture considered by this type of fund provider?

(5 marks)

d) Provide the main advantage of this type of funding.

(3 marks)

e) Explain **THREE (3)** main steps in preparing to raise debt or equity financing.

(6 marks)

(Total 50 Marks)

CASE B (50 marks)

PurelyB: The one-stop portal for your health and wellness journey

KUALA LUMPUR, Oct 2 — In our digital age, everything is at our fingertips at the click of the mouse, so why not tips to keep us healthy and mindful?

Enter PurelyB (www.purelyB.com), a health and wellness portal that was started in May 2015 by Raja Jesrina Arshad and Stephanie Looi.

Originally a guide with articles, recipes and a directory on where to find healthy eats, it has since expanded this May to include an online marketplace that sells products to fit your healthy lifestyle. The website is available in English and Chinese.

"We want to be that platform no matter which stage you are at your healthy lifestyle journey and we can guide you with everything from information with the articles, recipes, connecting to someone you can talk to, to buying trusted products vetted and approved by experts," explained Raja Jesrina.

It all began when Raja Jesrina was diagnosed with allergies that plagued her daily life. As she researched online for recipes to recreate gluten-free, dairy-free and wheat-free alternatives, she discovered there was a gap in the market for a one-stop portal to make all this health information more accessible.

With this concept, she approached Stephanie who used to work with her in a media agency. Both of them gathered a group that is known as the "Secret Seven", a nickname coined by one of their members, Marissa Perry who is a nutrition and fitness coach.

Joining this group was naturopath Amanda Teh, Raja Jesrina's sister Raja Johanna Arshad who is also a naturopath, nutrition and fitness coach Carina Lipold and writer Mia Amran.

All of them had met through various connections and they gathered for the first time on February 2015 to discuss the making of PurelyB. Most importantly, the seven were all on the same page when it came to holistic and natural wellness.

After the website was launched last May, they received 10,000 unique visitors after their first month. Three months later it tripled. The incredible response to the website gave the courage to Raja Jesrina and Stephanie to quit their corporate jobs and take the leap to pursue this on a full-time basis.

"The constant wave of people writing in to us... that was what kept motivating us. It was a lot of thank you messages, sharing of their stories and asking if they can contribute or do a talk to their employees to educate them. Just little things," said Raja Jesrina.

Continued...

The biggest affirmation came when a large global brand approached them to collaborate after just one month. Unfortunately, they had to turn down that offer as they knew from a business perspective, it wasn't a right fit for their long term vision of the PurelyB brand.

Their success, Raja Jesrina credits to starting the portal at the right timing when nothing like this has been done in Malaysia and even Singapore. "It was still seen as something new when we came out last May but the demand was already growing and because no one else was doing it and we were the first to provide this kind of solution," said Raja Jesrina.

As they had the first mover advantage, it also helped them to grow fast. As Raja Jesrina says, "We grew like a community with a fan base of people who wanted to get healthier but had no solution out there."

It has also seen many like-minded individuals like health experts join PurelyB on their panel and those who also want to contribute their personal stories on the website. Another advantage that PurelyB believes they have over other websites is they only do quality articles (at least one to two articles per day) that are tried and tested by them or their contributors rather than just recycling the same facts.

When it comes to health and wellness, they believe there has to be a mindset change that can be achieved with education. Amanda affirms that education is incredibly important and she believes it should start from the young ones by teaching them healthy habits.

For some people, they often have a mindset that it is expensive to be healthy. "Living healthy is perceived as expensive but how can you put it in a sentence, as it's for your health. Would you rather spend a huge bill at the doctor or just spend a reasonable amount on a monthly basis taking care of your health? People don't think that," explained Marissa.

With this in mind, PurelyB has come up with pillars to emphasise that it's more than just dieting or exercising away. They also believe in carrying a good range of articles and tips to educate people from all forms.

"It's not only nutrition and fitness but the mindfulness side of things and the wellness. We know it's very much changing your mindset first before you can even sustain that. Otherwise, it will be a short thing, a one week or one month trial and you go back to old habits," said Raja Jesrina.

Last December, PurelyB raised seed funding totalling US$500,000 (about RM1 million) from 500 Startups, Brunsfield Ventures and an angel investor. This was to pursue the next stage to become a one-stop portal for health and wellness by building a virtual marketplace that was launched this May.

"It is a big part of our business as it allows the people to find and discover and buy all the different products to sustain that healthy lifestyle, whether it's food, skincare, baby products and etc.," explained Raja Jesrina.

Continued...

What makes them different from any other e-commerce site is they integrate it with the content that explains the product. "The articles are very good to help people to understand why it's good for them and support the products," said Raja Jesrina. All their products come from Malaysia, Singapore, Bali, Hong Kong and Thailand. There is only a small number of items sourced from the US.

When it comes to choosing the brands on their marketplace, proper care is taken by the team to vet through the brand philosophies and products. Most importantly, they have to be brands that the team believes in that are sustainable.

This may not be organic though, as they prefer to emphasise it's all about natural ingredients. You won't see big brand names on their website as PurelyB believes in listing smaller local vendors as a sign of support for these people who may not have access to marketing expenditure or listing fees to place their products on the supermarket shelves.

This also means that there are now choices for consumers to source for cheaper alternatives for some products. "We are also trying to get across a message to people that living healthy is not always expensive and you do have a choice," explained Stephanie.

This year, PurelyB was approached by Astro Malaysia who wanted to launch their own health and wellness television show. With their expertise, they worked out the script and planned the 13 episodes that was filmed in May.

"We didn't make money. It was all about educating people. It was an opportunity for another platform to reach out to our audience," said Raja Jesrina. The show B Healthy that started on August 21 airs every Sunday from 7pm onwards on Astro Bella Channel 133 and Astro Mustika HD Channel 134.

Each episode covers three segments — nutrition, fitness and wellness — and promotes that balance is the key to a healthy life. The PurelyB team also worked on various themes like families, expectant mothers and post-pregnancy.

One segment, the weight loss one, features popular Malay actress Lisa Surihani who is also PurelyB's ambassador. Earlier on, Raja Jesrina had approached her to help her to lose the weight she had put on during her pregnancy.

With a diet plan and tips to be mindful, Lisa is now conscious about what she eats and exercises four days a week; a change in her lifestyle that she completely attributes to PurelyB.

When the website first started, they recognised that their target audience was not limited to just Malaysia but it should be the whole of Asia. As they were looking for a stronger regional presence, this March they acquired Stretch City, a 3-year old portal for yogis in Shanghai, Hong Kong and Singapore that was set up by Singaporean celebrity yogi Liv Lo.

Continued...

The website informs people on yoga terms, events and tips. "It was a good fit as usually if you are a yogi, you practise a mindfulness to your life too as opposed to a person who goes to a gym and runs on a treadmill," said Raja Jesrina. Liv also works closely with PurelyB as she contributes content to the website. On October 22, PurelyB will be teaming up with Liv for the Singapore Yolo Run.

For their future plans, Raja Jesrina hopes they can expand to a bigger reach in Hong Kong and China but that may take time as they still require the resources to penetrate that market. "Our community is 48 per cent Malaysia, so the rest is split into chunks from Singapore, HK even the US and Indonesia," said Raja Jesrina.

There is also a plan to create a bricks-and-mortar store for their health and wellness products to cater to those who are not computer savvy and others who prefer to still shop with the "look, touch and feel" experience.

Source: https://www.malaymail.com/news/life/2016/10/02/purelyb-the-one-stop-portal-for-your-health-and-wellness-journey/1218557

a) Construct the business model for PurelyB. The template for business model canvas is given in Appendix II. You may use the information from the case study and logical assumption about the company and industry to complete the business model canvas.

(18 marks)

b) From your viewpoint, what could be the main environmental trend that leads to the establishment of PurelyB? Explain your viewpoint.

(2 marks)

c) Perform an industry analysis using Porter's Five Forces Model for the health and wellness industry that PurelyB is competing. Identify if the intensity of each of the force whether is high, low or medium. Justify your finding. You may use the template below to provide your answer.

Forces	Intensity of the force	Justification

(10 marks)

d) In your opinion, what could be the main uniqueness of PurelyB processes in distinguishing the firm from the competitors.

(2 marks)

Continued...

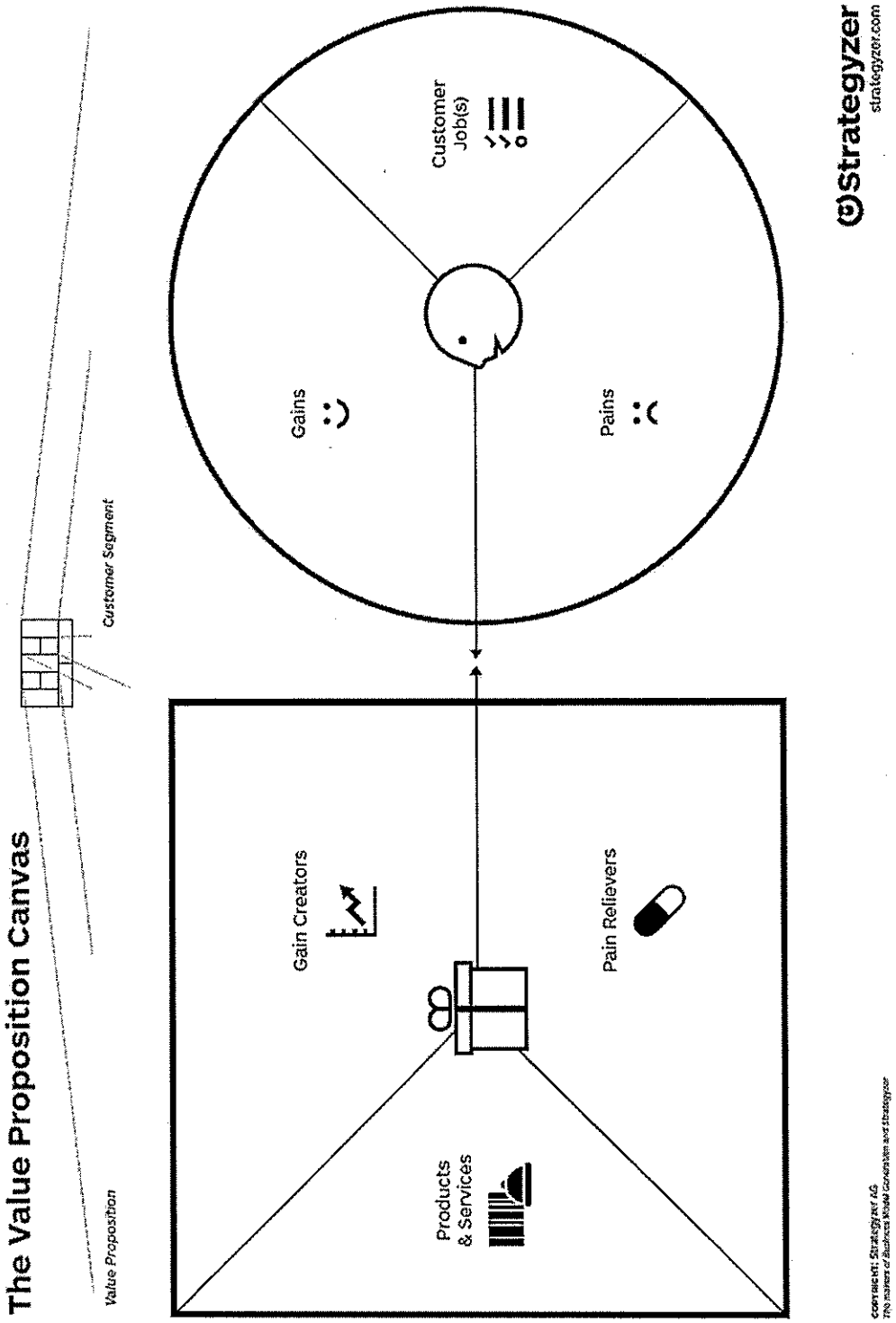
e) The case mentions that PurelyB intends to build the brick-and-mortar store. Based on the case study and your knowledge, build a suitable business model for the PurelyB brick-and-mortar business. Do consider the main strength of PurelyB's online business model.

(18 marks)

(Total 50 marks)

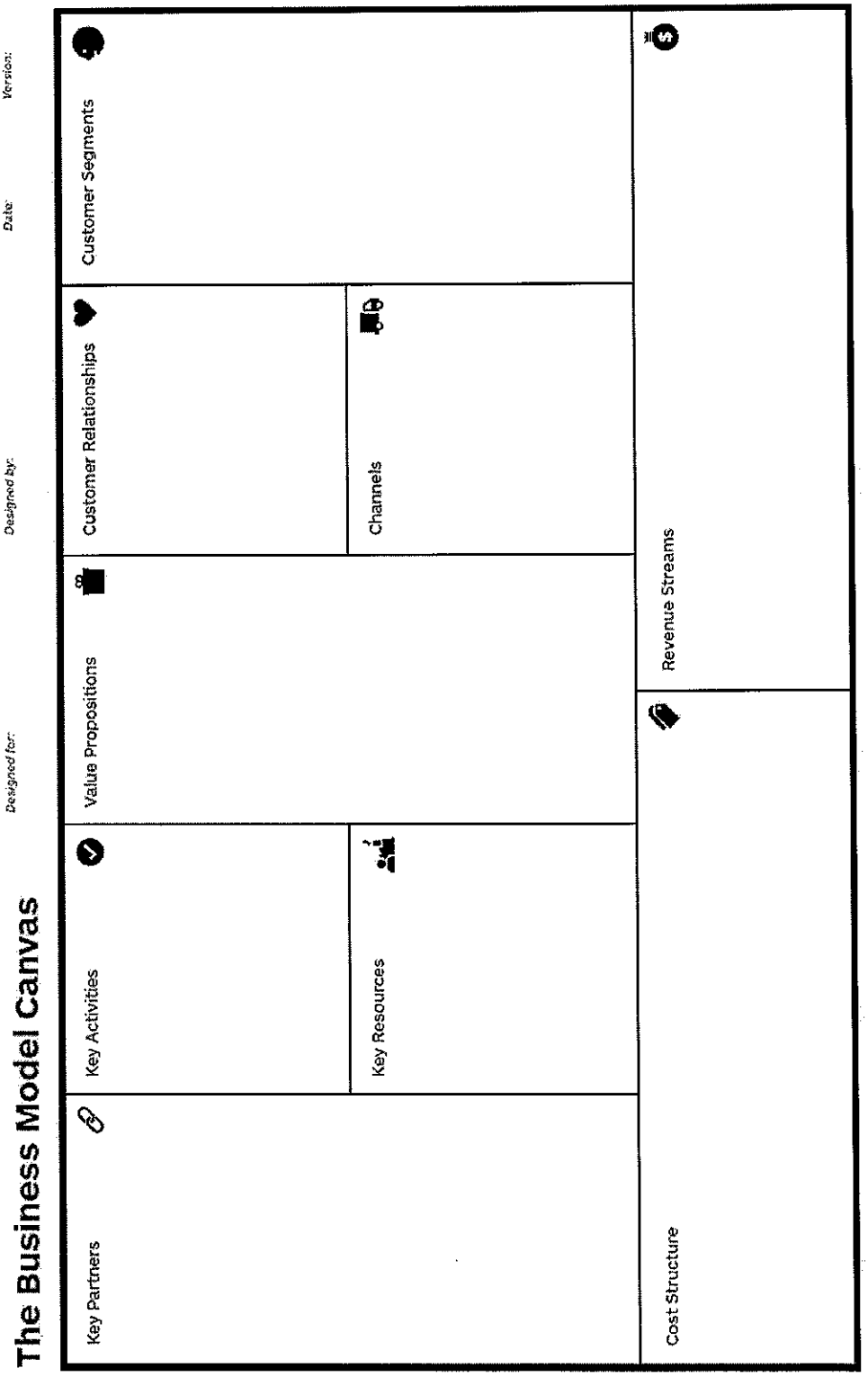
Continued...

Appendix 1



Continued...

Appendix 2



End of Page